

UNITED STATES ENVIRONMENTAL  
PROTECTION AGENCY  
REGION 10

FIELD OFFICE STUDY

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# **COSTS AND BENEFITS STUDY OF REGION 10 FIELD OFFICES**

## **EXECUTIVE SUMMARY**

November 1, 2006

- **PURPOSE & BACKGROUND:**

1. The purpose of this study was to review the costs and benefits of maintaining Region 10 field offices (operations offices and place-based offices).
2. Field offices make up about 17% of R10 workforce, and are located at 12 locations.

- **MEASUREMENT OF COSTS & BENEFITS:**

1. There are both tangible and intangible benefits of maintaining field offices. It was difficult to assess a dollar value for some of these because some of the tangible costs are not tracked by location. The study looked at costs that may significantly change from location to location.
2. Tangible Costs:
  - a. FY05 Office space, salary and benefits, motor pool, travel, transit subsidy, IT & phone service were tallied and compared.
  - b. Historical costs of field staff traveling to and from Seattle were compared to projected costs of EPA based staff traveling to and from the field office to provide and maintain our current level of service.
  - c. PCS moving costs were estimated based on historical average of actual move costs.
3. Intangible Costs and Benefits:
  - a. Non-monetary costs and benefits are listed in the report. These primarily are related to improved communication with clients, early problem resolution, quicker emergency response and improved EPA credibility.

- **CONCLUSIONS:**

1. **It is cost effective to maintain Operations Offices, Field Offices and Place Based personnel. While the costs vary from office to office, salary and space costs would increase significantly if staff were relocated to Seattle.** FY05 costs (space, salary/benefits, motor pool, travel, transit and IT and phone) for running the field offices is in alignment with the workforce located at field offices (17% of workforce and 17% of R10 costs).
2. Before taking into consideration the transaction (travel to field locations) & PCS costs, R10 could potentially incur **\$16,142 (attachment#1, column G17) in additional cost by not maintaining field offices.**
3. Costs for Operations Office and place based staff to travel to and from Seattle were compared to estimated travel costs that would be incurred if staff were relocated to Seattle and subsequently traveled to their current location. Estimates were made based on providing the current level of service. In this analysis, travel was projected to increase by as much as \$1 million (attachment#1, column H17).

Travel costs could be reduced, of course, but only at the expense of our current level of client service. Not all of the EPA's Operations Office's services are captured in this Travel Cost Comparison. There are many *face-to-face interactions* that field-based staffs have *on a daily basis* with the public, state agencies, and federal agencies. If all Region 10 staff were based in Seattle, these face-to-face interactions would no longer occur.

4. Intangible benefits greatly outweigh intangible costs, but by their nature were not quantifiable.

5. The cost of an average PCS move was based on the average actual PCS costs in the past. Actual PCS expenses vary significantly, person to person, but a mass movement to centralize all staff in Seattle would unarguably present a large one-time cost to the Region (attachment#1, column J17).

6. **If Region 10 closed the field offices and return placed based people to Seattle, would the agency save money?**

**No**, in fact annually it would cost over **\$1 million** more to close our non-Seattle offices than to maintain them as they exist, without taking into consideration the one-time PCS move costs. This is largely due to the fact that the work performed in the field would continue, costing Region 10 over a million dollars in new travel expenses due to travel originating in Seattle to the field locations. Also, office space is \$178,364 cheaper annually in the field than Seattle.

**SUMMARY:**

<b>Costs associated with maintaining field offices and placed based staff (add'l cost)</b>	<b>Cost</b>
• Vehicles	\$119,140
• Information Technology and Phone Service	\$58,086
Annual Average travel costs for field staff	\$48,439
• vs. Seattle based staff (2.82% of total travel costs)	
Sub-Total	\$225,665

<b>Costs associated with closing field offices (add'l costs)</b>	<b>Cost</b>
• Payroll (due to the 25% COLA for AK)	\$10,134
• Office Space in Seattle	\$178,364
• Transit Subsidies in Seattle	\$53,901
• All travel originating from Seattle based on field office projections	\$1,056,845
Sub-Total	\$1,299,244

<b>Annual differential costs incurred if:</b>	<b>Total</b>
Field offices closed and moved to Seattle. Does not include \$7 million in PCS one-time costs.	<b>\$1,073,579</b>

Please see attachment #1 for aggregate savings or additional costs & attachment#2 for detail analysis of each operational cost.

**STUDY OF THE COSTS AND BENEFITS**  
**OF REGION 10 FIELD OFFICES**

November 1, 2006

- **PURPOSE:**

This study is being conducted as a result of an inquiry from the Office of the Chief Financial Officer (OCFO). The purpose is to review the costs and benefits of our field offices (operations offices and place-based offices). At the FY08 budget hearing OCFO expressed concern that agency staffing levels are decreasing while facilities costs are increasing.

Julie Hagensen, Region 10's Associate Regional Administrator, requested this study after attending the FY 08 budget hearing. A qualitative study of the Operations Offices was conducted more than 10 years ago, but it did not provide the cost information deemed necessary to respond to OCFO's inquiry. Chheanq Heng is the lead staff person conducting the study, Armina Nolan is the management lead, and Tom Eaton is coordinating the field office input and review.

- **APPROACH:**

1. The costs of maintaining field office staff will be quantified to the extent possible and compared to the costs of maintaining staff in the Seattle office. This will provide the baseline incremental cost of maintaining a remote staff person vs. a Seattle staff person.
2. Next, the projected costs of delivering services from a Seattle based person will be compared to delivering the same services from a remotely based person. This will be done by assessing current travel costs from the remote office to Seattle, and comparing to the projected costs of a Seattle based person traveling remotely to deliver the current level of service.
3. Third, intangible costs and benefits of maintaining field offices will be extracted from prior studies and updated based on personal experience and interviews with external stakeholders.
4. Finally, the information will be analyzed and conclusions drawn.

- **TIMEFRAME:**

1. A draft report will be completed by September 30, 2006, and a final report completed by November, 2006.

- **FIELD OFFICES (# of EPA staff from FY05 payroll report)**

1. Seattle = 550
2. AOO (Anchorage) = 33
3. AOO (Juneau) = 3
4. IOO (Boise) = 22
5. OOO (Portland) = 21
6. WOO (Lacey) = 14
7. Coeur d'Alene = 3
8. La Grande = 1
9. Prosser = 1
10. Hanford Project = 10
11. Pocatello = 1
12. Kenai = 1
13. Eugene = 1

## **Why Place Regional Staff in Field Locations and what are the Costs?**

- **BACKGROUND:**

EPA Region 10 is unique among other Regions in that Seattle has chosen to establish field locations called Operations Offices with a total of 94 staff, spread through all four of their states as well as placing 18 staff members in “place-based” locations within the Region.

The Operations Offices were established early in the 1970’s as the Region began assimilating both functions and staff from diverse agencies such as Health Education and Welfare and the Federal Water Pollution Control Administration.

Individuals were placed in remote locations first at the Hanford Nuclear Reservation in order to manage the Tri-Party agreement between the Department of Ecology, Department of Energy and EPA. Later in the mid 90’s, The Agency launched its “Community Based Environmental Protection Program” (CBEP)” designed to foster an alignment of EPA programs with local needs.

1. **Why were Operations Offices created?**

The very early years of both the Regions genesis as well as the Agency as a whole are best described as fast paced. In addition to pulling together disparate functions already in existence, Congress provided the Agency with new, expanded authority over clean water and clean air. In particular, sweeping changes to the Federal Water Pollution Control Act of 1972 also know as the Clean Water Act PL 92-500, established a multi-billion dollar spending agenda for upgrading municipal wastewater treatment facilities. In addition, the National Pollutant Discharge Elimination System (NPDES) permitting program was established with the dual purpose of EPA issuing permits while simultaneously delegating the program to the individual states. Also, the Agency was tasked with managing a multi-million dollar grant program under Section 208 of the CWA designed to establish River Basin Plans addressing pollutant loading and assimilation.

Region 10 judged that it was necessary to have the Project Officers as physically close to the grant recipient as possible given the enormous size of the dollar allocations being delivered. In addition, proximity to our state counterpart agencies was essential for facilitating delegation of a variety of federal programs as required by Statute.

2. **Why do we have individual staff members in disparate locations?**

With the onset of watershed and toxics action groups throughout the United States, EPA found itself being looked upon as a leader in facilitating as well as funding a wide variety of community based citizen groups. Being as close to the actual work was deemed essential to facilitate local growth as well as manage a wide variety of grants finding their way to citizen groups. In addition, a number of Superfund and hazardous waste sites were identified which required extensive outreach and local coordination.

- **WHAT ADDI'L COSTS DOES R10 INCUR BY HAVING FIELD OFFICES OUTSIDE OF SEATTLE?**
  1. **Seattle Salary and Benefits:**  
By comparing FY05 costs of the field offices to the Seattle office, it is estimated that it costs Region 10 an additional **\$3,097**. This additional cost is resulted from the 25% COLA given to employees in AK. At other locations, the Region would incur additional cost rather than savings. The salary and benefits costs do not take into account the one time expense of Permanent Change of Station for field staff estimated to be around \$7 million dollars.
  2. **Motor Pool:**  
It is estimated that R10 could save approximately \$119,140 by eliminating vehicles not located in Seattle.
  3. **Travel:**  
The average travel expenditure per employee is 2% more than a Seattle based counterpart, this would be offset by several orders of magnitude if all travel originated from Seattle to field locations.
  4. **Information Technology Services:**  
It costs about 2% more (\$58K) to provide these services to field locations than in Seattle.
- **WHAT ARE THE INTANGIBLE COSTS & BENEFITS?**
  1. **Work Performed:** Field office staffs are located close to their primary work. This allows more direct and real time contact with our primary clients and stakeholders. Typical work conducted by field office staff includes:
    - Inspections, permitting, grant management, tribal consultation, emergency and spill response, Performance Partnership Agreement negotiation, and face to face problem solving.
    - In addition, each of Region 10's Operations Offices is located near the State environmental agency and is headed by an Office Director that reports to the Regional Administrator. This allows frequent personal communication at a senior level with state agencies and facilitates early resolution and prevention of problems before they become serious. The benefits associated with this close proximity to the work are detailed below.
  2. **Intangible Costs:** The primary intangible costs associated with field office staff are the extra time and effort required to supervise remote staff. The majority of field office staff report to managers in Seattle. The long distance can make work assignment and evaluation more difficult. Staff may feel disconnected from the Regional Office, and managers can feel unsure what their staff is working on. More frequent communication via phone and e-mail can help, but extra effort from both parties is required. In addition, Operations Office Directors provide "secondary" supervision by signing time sheets and leave slips, advising on evaluations, and assisting in the resolution of personnel issues.
  3. **Major intangible benefits of field offices:**
    - i) Face-to-face real time interactions between the field office and the state improve communication, maximize efficiency, and facilitate effective program results.
    - ii) Emergencies and spills are responded to much more quickly, especially in Alaska and Idaho where emergency response from Seattle is just not feasible.
    - iii) Collegial relationship results in early involvement of EPA staff in potentially difficult issues. This leads to early resolution and prevention of problem escalation.
    - iv) Understanding of developing state legislative issues and other state-specific knowledge improve the effectiveness of the Region.
    - v) Partnerships with other federal agencies also located in nearby offices facilitate coordination on related issues.



- vi) Field offices take calls from the public about many EPA issues. They are the first customer service representatives, redirecting calls as appropriate and answering basic programmatic questions, and where appropriate, directly investigating citizen complaints.
- vii) Travel time and costs for inspections and related field work are reduced.
- viii) Performance Partnership Agreement negotiations are easier.
- ix) Tribal consultations are more effective.
- x) EPA has more credibility with our constituents through more face to face contact.
- xi) Operations Offices are staffed to reflect the needs within a State. For example, the Alaska and Idaho Operations Offices have more staff dedicated to direct implementation of major EPA Programs (e.g. NPDES). Another example: the Alaska Office has six FTE dedicated to Tribal work, which reflects the workload associated with serving the needs of 220+ Tribes in Alaska.
- xii) Operations Offices have the “pulse” on issues in the state or in local communities, which would not otherwise be readily available to the Program Offices based in Seattle or Washington DC.

5. **Are there any other fiscal reasons for maintaining field offices and Place-Based staff?**

Yes. During the FY-06 which closed this past September, staff in the field offices and individual locations outside of Seattle, were managing 399 active grants totaling \$611,878,745.00. Assuming the average life span of these grants is three years (very conservative) approximately \$208 million was drawn down by grantees. Assuming that only 1% of that amount was appropriately redirected by field based staff (very, very conservative) the agency and taxpayers were saved over 2 million dollars.



# **ATTACHMENTS**